GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1426
ANSWERED ON:04.03.2011
INFORMAL SECTION IN THE ECONOMY
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Will the Minister of FINANCE be pleased to state:

(a)whether the `informal economy` contributes to about two-thirds of India`s Gross Domestic Products (GDP);

(b)if so, the details thereof;

(c)whether there is any institutional and legislative framework that regulates, monitors and supports this sector;

(d)if so, the details thereof and if not, the reasons therefor;

(e)whether the Government proposes to create such a framework for the same to incorporate this sector into the mainstream ``formal economy``; and

(f)If so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (f) The Central Statistics Office(CSO) publishes disaggregated data on gross domestic product (GDP) components in its publication 'National Accounts Statistics'. As per the latest available publication released in April 2010, the share of unorganized sector in the GDP at current prices was above 50 per cent in recent years (Table below).

(Rs. crore)

Sector	2004-05	2005-06	2006-07	2007-08	2008-09
GDP-Unorganised	1674524	1892252	2164058	2500177	2841930
GDP of the Economy	2967600	3402316	3941865	4540987	5228650
% share of Un-organised in economy	56.43	55.62	54.90	55.06	54.35

The CSO has since revised the GDP data for the period 2004-05 to 2009-10 in its Quick Estimates in January, 2011. The disaggregated data indicating break-up of shares of organised / un-organised sector would continue to be made available by CSO in their subsequent issues of the National Accounts Statistics.

The National Commission for Enterprises in the Unorganized Sector was set up by Government of India in 2004 as an Advisory Body to recommend measures to address various issues of the unorganized sector. The Commission completed its term in 2009. On the basis of its recommendations, the Ministry of Labour & Employment has notified the Unorganised Workers' Social Security Act, 2008 & its Rules. Besides Rashtriya Swasthya Bima Yojana, the Aam Admi Bima Yojana and the Old Age Pension Scheme are in operation for the welfare of the unorganised workers. Recognising the need for providing social security to the workers in the unorganized sector, and as a follow up to the Unorganised Sector Workers Social Security Act, 2008, the Budget,2010-11, announced the setting up of National Social Security Fund for unorganized sector workers with an initial allocation of Rs. 1,000 crore. A co-contributory pension Scheme "Swavalamban" was announced in the Budget for 2010-11, which was well received by the workers in the unorganized sector. On the basis of the feed back received, the Budget for 2011-12 has relaxed the exit norms for workers under the Scheme and extended the benefit of Government Contribution from three to five years for all subscribers of Swavalamban who enroll during 2010-11 and 2011-12. Besides, the Budget for 2011-12 lowered the eligibility for pension under the Indira Gandhi National old age Pension Scheme for BPL beneficiaries from 65 years to 60 years.